

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** May 12, 2010  
**POSITION:** Neutral  
**SPONSOR:** State Board of Equalization

**BILL NUMBER:** AB 2733  
**AUTHOR:** I. Ruskin

### **BILL SUMMARY: Cigarettes and Tobacco Products**

Current law, the Cigarette and Tobacco Products Licensing Act (the Act), requires the Board of Equalization (BOE) to administer a statewide cigarette and tobacco products license program to regulate the sale of cigarettes and tobacco products in the state. Every retailer, distributor, wholesaler, manufacturer and importer is required to have and maintain a license to engage in the sale of cigarettes or tobacco products.

Existing law contains prohibitions with respect to the purchase and sale of cigarettes and tobacco products, and provides that, upon a finding that a retailer, distributor, wholesaler, manufacturer, or importer has violated the Act, BOE may take one of the following actions:

- For the first offense, BOE may revoke or suspend the license or licenses.
- Second or any subsequent offense: in addition to the action authorized for the first offense, BOE may impose a civil penalty in an amount not to exceed the greater of five times the retail value of any seized cigarettes or tobacco products, or \$5,000.

Licensees served with a notice of suspension must immediately cease the sale of cigarettes or tobacco products. Current law provides that a person or entity that engages in the business of selling cigarettes or tobacco products in this state without a license or after a license has been suspended or revoked is guilty of a misdemeanor, punishable by a fine and seizure of all cigarettes and tobacco products in the possession of the person.

This bill would:

- Require all cigarettes and tobacco products to be removed from clearly and easily visible retail stock during a period of suspension or after a license has been revoked.
- Require a suspended or revoked licensee to post a notice of that suspension or revocation at each public entrance and each cash register.
- Prohibit licensees who purchased cigarettes or tobacco products for resale under their license from gifting such products during the period of suspension or after a license has been revoked.

### **FISCAL SUMMARY**

Finance estimates this bill would have no state General Fund impact.

Analyst/Principal (0762) C. Hill	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

<b>BILL ANALYSIS</b>	Form DF-43 (Rev 03/95 Buff)
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**AUTHOR**

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## I. Ruskin

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## COMMENTS

Finance notes the following with regard to this bill:

- This BOE sponsored bill is intended to prevent sales or gifting of cigarettes or tobacco products during periods of license suspension or revocation, and to prohibit any transfer of cigarettes or tobacco products while the license is suspended or after revocation.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
0001/Major Rev	SO	No	-----	No/Minor	Fiscal Impact	-----			0001
0860/Equalization	SO	No	-----	No/Minor	Fiscal Impact	-----			3067

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
3067	Cigarette & Tobacco Products Compliance